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SIPDIS

E.O. 12958: DECL: 01/30/2019

TAGS: [KNNP](#) [MNUC](#) [IR](#) [IT](#)

SUBJECT: RESPONSE TO ITALIAN REQUEST FOR USG INFO ON IRAN
EXPORT

REF: A. ROME 83

[1](#)B. RUGGIERO-CURRAN TELCON

Classified By: EUR/PRA OD ANITA FRIEDT, REASONS 1.4 (B) AND (D).

[1](#)1. (U) This is an action request. Please see paragraph 2.

OBJECTIVES/ACTION REQUEST

[1](#)2. (U) Washington requests Post deliver the non-paper in paragraph 3 to appropriate host government officials in the foreign affairs ministry in response to the action request in REF A. Post should pursue the following objective:

-- Urge Italy to deny Iran,s attempt to acquire pressure regulating valves.

NONPAPER

[1](#)3. (C) BEGIN NONPAPER FOR ITALY

-- We appreciate the opportunity to discuss Iranian attempts to procure spare parts for pressure regulating valves, reportedly for use in processing liquefied petroleum gas and sour natural gas.

-- We were unable to determine the specific use of the valves for which these spare parts are needed, based on the information provided to us. The parts may well be consistent with the stated oil and gas industry applications, but they may also have application in the heavy water production facility. We would need more specifics on the valves to make a judgment.

-- The stated use of "lean sour gas" could inherently also mean that this equipment could be suitable for use in Iran's heavy water production facility. The heavy water production facility also requires valves resistant to corrosion by hydrogen sulfide.

-- What we were able to find during our research, were three past NSG complimentary denials (catch alls) reported to Pars Oil and Gas Company and which were determined to be linked to Mesbah Energy Company, the AEIOI-owned company purchasing goods for Iran's heavy water production plant.

-- All of these denials involved dual-use, uncontrolled chemical process equipment (pipeline strainers, strainers and gaskets for pumps, gate valves, globe valves, and check valves) with uses in both legitimate petrochemical industry activities and in Iran's heavy water production facility.

-- The linkages to Mesbah Energy however demonstrated that the Iranians are using Pars Oil and Gas Company for heavy water production related procurement, at least in these instances.

--Thus, we strongly believe that a presumption of denial would be appropriate based on past NSG complimentary denials and established linkage between Pars Oil and Gas Company and Mesbah Energy, the heavy water production project.

-- We also note the NSG Guidelines provides additional guidance to suppliers that the object of the NSG controls should not be defeated by the transfer of component parts.

-- We underscore our continuing concern that Iran will make use of all of its national industries, but particularly its petrochemical industry, to obtain items and materials in support of its proscribed nuclear activities. You may recall that we briefed the NSG on this concern and distributed U.S.-developed watch lists of items that have both legitimate petrochemical industry applications, but also which Iran may seek for its nuclear program.

--We urge the utmost vigilance in monitoring all such trade with Iran and believe this risk is reason enough to reduce it.

END NON-PAPER

REPORTING DEADLINE

¶4. (U) Post should report results within seven business days of receipt of this cable. Please slug replies for ISN, T, EUR, TREASURY, and NEA. Please use the caption SIPDIS in all replies.

POINT OF CONTACT

¶5. (U) Washington point of contact for follow-up information is Anthony Ruggiero, ISN/CPI, (202) 647-5181, RuggieroAJ@state.sgov.gov and Nicole Menkhoff, ISN/RA, (202) 736-4277, MenkhoffN@state.sgov.gov.

¶6. (U) Department thanks Post for its assistance.
CLINTON